

England Economic and Industrial Development District

Alexandria, Louisiana

June 30, 2013

England Economic and Industrial Development District

June 30, 2013

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report.....		1-3
Required Supplemental Information.....		4
Management's Discussion and Analysis.....		5-12
Basic Financial Statements.....		13
Statement of Net Position.....	A	14
Statement of Revenues, Expenses, and Changes in Net Position.....	B	15
Statement of Cash Flows.....	C	16-17
Notes to Basic Financial Statements.....		18-28
	<u>Schedule</u>	
Additional Information.....		29
Schedule of Expenditures of Federal Awards.....	1	30
Schedule of General Fund Revenues and Expenditures – Budget and Actual – Budgetary Basis.....	2	31
Other Reports Required by <i>Government</i> <i>Auditing Standards</i> and OMB Circular A-133.....		32
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		33-34
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.....		35-37
Schedule of Findings and Questioned Costs.....		38-39
Independent Auditor's Report and Other Information Required by the <i>Passenger Facility Charge Audit Guide for Public Agencies</i>		40
Independent Auditor's Report on Compliance Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance with the <i>Passenger Facility Charge Audit Guide for Public Agencies</i> and on the Schedule of Passenger Facility Charges Revenue and Disbursements.....		41-43
Schedule of Passenger Facility Charges Revenue and Disbursements.....	3	44
Passenger Facility Charge Program Audit Summary.....		45



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

The Board of Commissioners
England Economic and Industrial Development District

Report on the Financial Statements

We have audited the accompanying financial statements of the England Economic and Industrial Development District, Alexandria, Louisiana, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the England Economic and Industrial Development District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

ROBERT W. DYORAK, C.P.A.

CINDY L. HUMPHRIES, C.P.A.

REBECCA D. MORRIS, C.P.A.

DEBORAH R. DUNN, C.P.A.

MICHAEL A. JONEAN, C.P.A.

REBECCA G. NATION, C.P.A.

EVELYN RENFROW, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the England Economic and Industrial Development District as of June 30, 2013, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the England Economic and Industrial Development District's basic financial statements. The schedule of general fund revenues and expenditures-budget (non-GAAP) and actual is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.



PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

The schedule of general fund revenues and expenditures-budget (non-GAAP) and actual and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of general fund revenues and expenditures-budget (non-GAAP) and actual and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2013, on our consideration of the England Economic and Industrial Development District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering England Economic and Industrial Development District's internal control over financial reporting and compliance.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, LA

November 22, 2013

**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

Introduction

The Management's Discussion and Analysis (MD&A) of the England Economic and Industrial Development District's (District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the England Economic and Industrial Development District's financial performance.

Financial and Operating Highlights

A summary of the District's financial and operating highlights for the year ended **June 30, 2013** is as follows:

- Assets exceeded liabilities by \$191,729,933 at June 30, 2013. Of this amount \$184,137,035 is related to capital assets. \$339,258 is passenger facility charge fees that have been collected and unspent as of yearend and that are dedicated for the repayment of bonds issued for the construction of the James L. Meyer Commercial Terminal building; \$7,253,640 is unrestricted.
- Net position increased \$3,766,458. This was due primarily to capital grants received for various airport projects during the year totaling \$7,391,082.
- \$3,835,868 in new construction improvements were added to the Airpark.
- Alexandria International Airport (AEX), during the current fiscal year, had 156,387 enplanements, 145,919 deplanements and 35,051 air operations.
- AEX handled 11,991 pounds of commercial air freight and 16,205,060 pounds of military air freight, 120,131 parked cars and sold 3,817,387 gallons of fuel this fiscal year.
- Over 900,000 square feet of commercial space were leased on the Airpark by almost 70 tenants. The District also leased 155 residential units onsite.

A summary of the District's financial and operating highlights for the year ended **June 30, 2012** is as follows:

- Assets exceeded liabilities by \$187,963,475 at June 30, 2012. Of this amount \$181,969,716 is related to capital assets. \$16 is passenger facility charge fees that have been collected and unspent as of yearend and that are dedicated for the repayment of bonds issued for the construction of the James L. Meyer Commercial Terminal building; \$5,993,743 is unrestricted.
- Net position increased \$12,552,973. This was due to capital grants received for various airport projects during the year totaling \$14,535,548.
- \$10,419,573 in new construction improvements were added to the Airpark.
- Alexandria International Airport (AEX), during the current fiscal year, had 171,461 enplanements, 159,464 deplanements and 36,479 air operations.
- AEX handled 13,613 pounds of commercial air freight and 20,660,427 pounds of military air freight, 116,870 parked cars and sold 4,095,204 gallons of fuel this fiscal year.
- Over 1 million square feet of commercial space were leased on the Airpark by over 70 tenants. The District also leased 158 residential units onsite.

**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

Overview of the Financial Statements

The District's basic financial statements are prepared in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The District is structured as single enterprise fund using proprietary fund (enterprise fund) accounting. Under this method of accounting an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred.

The *Statement of Net Position* presents information on all of the District's assets less liabilities which results in net position. The statement is designed to display the financial position of the District as of the end of the fiscal year. Over time, increases and decreases in net position help determine whether the District's financial position is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* provides information which displays how the District's net position changed as a result of the year's activities. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, certain revenues and expenses are reported in this statement for some items that will result in cash flows in future periods. Revenues are categorized as either operating or non-operating in accordance with definitions set forth in GASB 33 and GASB 34.

The *Statement of Cash Flows* reports information showing how the District's cash and cash equivalent position changed during the year. This statement classifies cash receipts and cash payments for the fiscal year resulting from operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the statements. The notes to the financial statements follow the basic financial statements.

Financial Analysis of the District

The following schedule presents a summary of net position as of:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Current and other assets	\$ 11,045,618	\$ 10,800,258
Capital assets	<u>187,367,035</u>	<u>185,927,380</u>
Total assets	\$ 198,412,653	\$ 196,727,638
Current and other liabilities	\$ 3,524,562	\$ 4,996,356
Noncurrent liabilities	<u>3,158,158</u>	<u>3,767,807</u>
Total liabilities	\$ 6,682,720	\$ 8,764,163
Net position:		
Net investment in capital assets	\$ 184,137,035	\$ 181,969,716
Restricted	339,258	16
Unrestricted	<u>7,253,640</u>	<u>5,993,743</u>
Total net position	<u>\$ 191,729,933</u>	<u>\$ 187,963,475</u>

**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

The District's assets exceeded liabilities by \$191,729,933 at June 30, 2013 and by \$187,963,475 at June 30, 2012. The majority of the District's net position are invested in capital assets (land, buildings, and equipment) owned by the District. These assets are not available for future expenditures since they will not be sold. Restricted assets of the District are limited as to their use. These funds are restricted by law or some other outside source as to how they can be utilized. The restricted net position are not available for new spending because they have already been committed as follows:

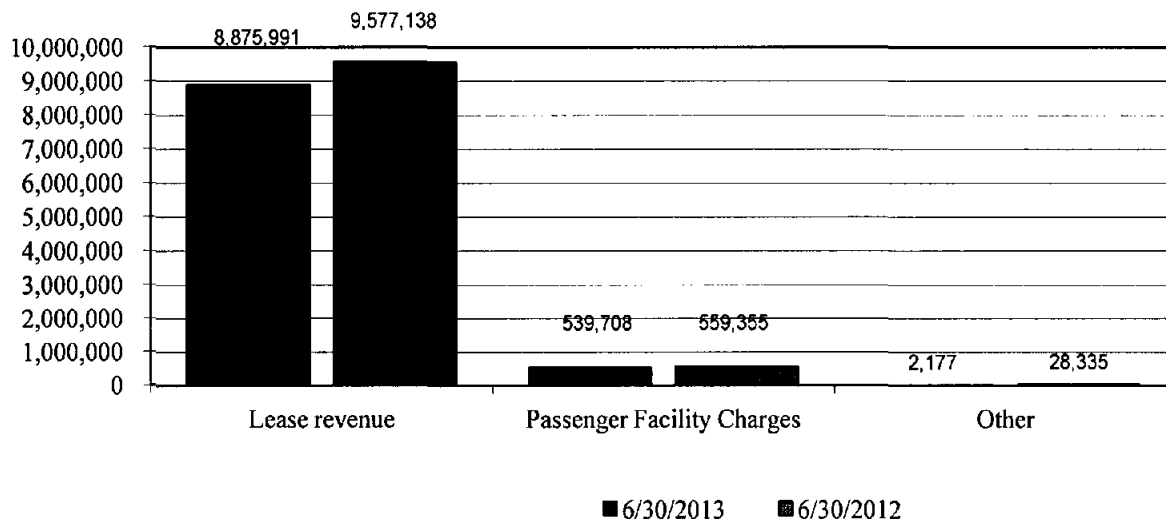
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Cash with paying agent	\$ -	\$ 136,355
Passenger facility charges	339,258	16
Total Restricted	<u><u>\$ 339,258</u></u>	<u><u>\$ 136,371</u></u>

Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation, debt covenants, or other legal requirements. This amount consists of a 25% operating reserve along with funds designated by management to go towards existing capital projects.

A summary of the District's changes in net position are reflected in the following schedule:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Operating Revenues		
(Lease revenues, passenger facility charges and other)	\$ 9,417,876	\$ 10,164,828
Operating Expenses	15,375,377	14,932,919
Operating Income (Loss)	\$ (5,957,501)	\$ (4,768,091)
Non-Operating Revenues (expenses)	2,332,877	2,001,381
Income (Loss) Before Contributions	\$ (3,624,624)	\$ (2,766,710)
Capital Contributions	7,391,082	15,319,683
Change in Net Position	<u><u>\$ 3,766,458</u></u>	<u><u>\$ 12,552,973</u></u>

The following is a graphic representation of the components of operating revenues:



**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

- Lease revenue includes revenues derived from leases for commercial buildings and equipment, residential housing, and fees from other types of services at the Airpark. This revenue source decreased by \$701,147 primarily because of tenants who no longer leased space during the prior year or the current year and one tenant whose lease payments decreased because they had finished paying back renovation costs that were included in lease revenue.
- Passenger facility charges (PFC's) are fees imposed when an airline ticket is purchased and can be used only for purposes outlined in the District's PFC application. The current use for this fee is to pay debt service on the outstanding bonds for the construction costs of the James L. Meyer Commercial Terminal project. These fees decreased \$19,647 from the prior year because of a decrease in the number of passengers enplaned at Alexandria International Airport.
- Other revenues include various charges for property damages, insurance settlements, missing inventory items and other assorted fees.

Non-operating revenues (expenses) include interest revenues, grant proceeds that are received for non-capital purposes, the gain or loss recorded on the sale or disposition of property, and interest expense on bonds and other debt. This amount increased in the current fiscal year by \$331,496 due to larger amounts received for interest income from the payment of accrued interest on a loan; larger amounts received from the Part 150 noise program; gain on sale of capital assets; and lower interest expense due to refinancing outstanding bonds at a lower interest rate.

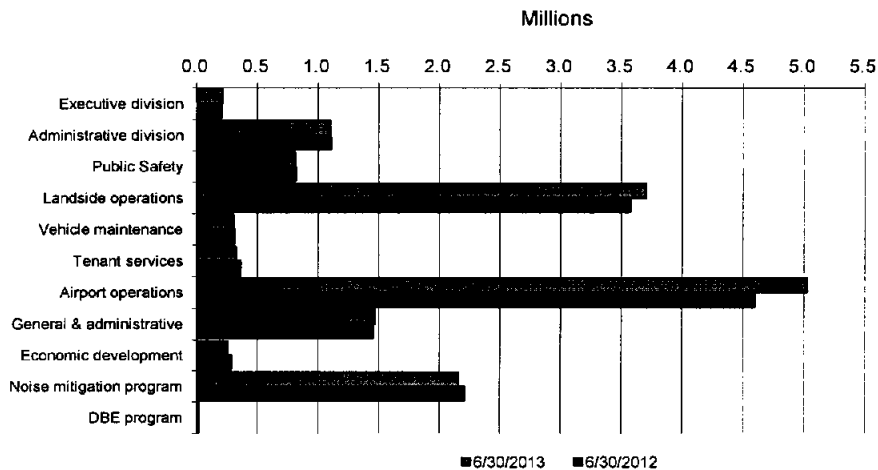
Capital grants and public contributions include Federal airport improvement program funds, state aviation trust fund grants, and state capital outlay funds along with contributions from the general public and donations of property from other agencies. These amounts vary from year to year depending upon the construction activities that are in progress by the District.

A summary of the District's operating expenses, including depreciation, are reflected in the following schedule:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Executive division	\$ 210,660	\$ 205,445
Administrative division	1,101,057	1,105,963
Public Safety	806,689	814,374
Landside operations	3,702,075	3,569,705
Vehicle maintenance	301,126	309,341
Tenant services	322,833	361,121
Airport operations	5,027,711	4,594,553
General and administration	1,469,594	1,452,730
Economic development	253,834	289,299
Noise mitigation program	2,157,142	2,206,513
Disadvantaged Business Enterprise program	22,656	23,875
Total Operating Expenses	<u>\$ 15,375,377</u>	<u>\$ 14,932,919</u>

**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

The following is a graphic representation of operating expenses:



- The executive division includes the Executive Director and his staff. The costs of this department remained basically the same compared to prior year costs.
- The administrative division includes the finance function and supporting activities. These costs decreased slightly in the current year.
- Public safety covers the security and fire protection for the Airpark. This category remained steady for the current year.
- Landside operations include the maintenance and upkeep of building and grounds that are not related to the airfield. These expenses increased by \$132,370 because of development on the west side of the airpark.
- Vehicle maintenance consists of the maintenance of all vehicles that are owned and operated by the District. These costs are slightly lower this year versus last year.
- Tenant services covers costs that are directly associated with facilities that are occupied by current tenants. This decreased \$38,288 compared to the prior year as a result of a tenant no longer occupying a building that the District was responsible for the repairs on.
- Airport operations encompass the activities of the airport terminal as well as buildings and equipment that are directly related to airfield side of the Airpark. These expenses increased \$433,158 versus last year as a result of higher depreciation costs on equipment for the current year.
- General and administrative includes the costs associated with the general running of all the operations departments. There was a minor increase in this department compared to the prior year.
- Economic Development incorporates the marketing of the Airpark and tenant relations. These amounts decreased by \$35,465 due to the costs associated with land purchases being lower than the previous year.
- Noise mitigation program improves the compatibility between aircraft operations and off-airport noise sensitive land uses while allowing the airport to continue in its role to serve the community. These costs decreased \$49,371 due to the decrease in the number of properties purchased and being prepared for purchase compared to the prior year.

**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

- Disadvantaged Business Enterprises (DBE) program is a program designed to assist small and economically disadvantaged businesses obtain contracts for their services on capital projects at England Airpark. The costs decreased minimally due to a larger portion of these costs being reimbursed through various grants.

Capital Assets

The District has invested in capital assets including land; construction in progress; vehicles, machinery and equipment; buildings and improvements; and infrastructure in the following amounts. These amounts are net of accumulated depreciation to date.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Land	\$ 25,521,073	\$ 21,730,714
Construction in progress	4,122,074	16,075,879
Vehicles, machinery and equipment	1,958,461	2,255,869
Buildings and improvements	96,300,576	100,514,854
Infrastructure	<u>59,464,851</u>	<u>45,350,064</u>
Net Capital Assests	<u>\$ 187,367,035</u>	<u>\$ 185,927,380</u>

Major capital assets events during the current fiscal year included the following:

- \$47,781 worth of grounds maintenance equipment was purchased during the current year to continue the upkeep of the District's grounds.
- \$24,916 was expended for the upgrade and improvement of the air conditioning systems of various buildings.
- \$79,868 in landscaping was done along Frank Andrews Blvd., the entrance road to the James L. Meyer Commercial Terminal.
- \$3,435,198 of land was purchased through the District's Part 150 Noise Mitigation program during the current fiscal year.
- \$355,161 was expended for the demolition of various structures on the Airpark to make room for future improvements in accordance with the master plan.
- Construction in progress added during the year was \$3,835,868. Total Construction in Progress at year-end included the various projects as follows:

Southwest Ramp Rehabilitation	\$ 1,659,990
Fuel Farm Relocation	1,169,483
Mill & Overlay of Runway 18/36 Midfield	781,503
Extension of Runway 14/32	112,095
South Ramp Rehabilitation	66,551
Others	<u>46,246</u>
Total	<u>\$ 3,835,868</u>

**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

Construction projects that were in progress in prior years and that were completed totaled \$15,776,216. They are as follows:

Fuel Farm Relocation	\$ 9,886,311
Southwest Ramp Rehabilitation	<u>5,889,905</u>
Total	<u>\$ 15,776,216</u>

\$13,457 for Utility Meter Installation was removed from Construction in Progress because it was no longer needed.

Additional information on the District's capital assets is presented in the notes to the basic financial statements.

Debt Administration

The District had the following balances in notes and compensated absences outstanding at year end. Additional information on the District's long-term debt is presented in the notes to the basic financial statements.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Bonds payable	\$ 3,230,000	\$ 3,085,000
Certificates of Indebtedness	-	800,000
Capitalized leases	-	72,664
Compensated absences	<u>115,561</u>	<u>105,108</u>
Total long-term debt	<u>\$ 3,345,561</u>	<u>\$ 4,062,772</u>

The District refinanced its outstanding bonds and certificates of indebtedness during the current year. By doing so, the District was able to reduce the interest rates payable from 4.01% - 6.97% to 1.50% - 2.105%. This refinancing allowed the District to save over \$355,000 in future interest payments. This debt will be paid off by April 2018.

State law does not provide a limitation on the amount of debt that may be issued by the District. The bonds issued by the District are not rated.

Economic Factors and Next Year's Budget

The following are currently known economic factors considered in going into the 2013-2014 fiscal year.

- The District is progressing on the noise compatibility program. This program is a multi-year project. To date, the District has received over \$40 million in Federal and State grants for this project. The District anticipates receiving additional funding to continue this project.
- Significant contracts to acquire property and mitigate noise have been executed and are ongoing.
- The District's strategy for building demolitions as laid out in the Master Plan continues in 2013-2014 as a contract for the demolition of five more structures was awarded for \$255,000.
- \$287,167 in grant funding has been secured to begin the engineering necessary for the rehabilitation of the airfield electrical system.

**England Economic and Industrial Development District
Management's Discussion and Analysis (MD&A)
June 30, 2013**

- A contract in the amount of \$1,762,381 was awarded for the rehabilitation of Taxiway A. Construction began in early July.
- Planning work for the rehabilitation of the North Apron started this year. This project should be ready to begin construction later in this coming year.

Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kevin J. Brown, CPA, CGMA, CGFO, Finance Manager, 1611 Arnold Drive, Alexandria, LA 71303, or call (318) 427-6406 during regular office hours, Monday through Friday, from 8:00 a.m. to 5:00 p.m., Central Standard Time.

England Economic and Industrial Development District
Statement of Net Position
June 30, 2013

Exhibit A

Assets

Current Assets

Cash and cash equivalents	\$ 6,806,567
Receivables - net of allowance for doubtful accounts	3,252,607
Notes receivable	25,000
Prepaid expenses	455,519
Total Current Assets	<u>10,539,693</u>

Noncurrent Assets

Restricted cash and equivalents	339,258
Notes receivable	166,667
Capital assets	
Land and construction in progress	29,643,147
Other capital assets, net of depreciation	157,723,888
Total Noncurrent Assets	<u>187,872,960</u>

Total Assets	<u>198,412,653</u>
---------------------	--------------------

Liabilities

Current Liabilities

Accounts and contracts payable	2,737,604
Accrued expenses and other payables	53,065
Advances in rental income	98,893
Bonds payable	635,000
Total Current Liabilities	<u>3,524,562</u>

Noncurrent Liabilities

Tenant deposits	238,840
Contingent tenant rebates	208,757
Compensated absences	115,561
Bonds payable	2,595,000
Total Noncurrent Liabilities	<u>3,158,158</u>

Total Liabilities	<u>6,682,720</u>
--------------------------	------------------

Net Position

Net investment in capital assets	184,137,035
Restricted for PFC projects	339,258
Unrestricted	<u>7,253,640</u>

Total Net Position	<u><u>\$ 191,729,933</u></u>
---------------------------	------------------------------

The accompanying notes are an integral part of the financial statements.

**England Economic and Industrial Development District
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2013**

Exhibit B

Operating Revenues

Lease revenue and related fees	\$ 8,875,991
Passenger facility charges	539,708
Miscellaneous	2,177
Total Operating Revenues	<u>9,417,876</u>

Operating Expenses

Executive division	210,660
Administrative division	1,101,057
Public safety	806,689
Landside operations	3,702,075
Vehicle maintenance	301,126
Tenant services	322,833
Airport operations	5,027,711
General and administrative	1,469,594
Economic development	253,834
Noise mitigation program	2,157,142
Disadvantaged Business Enterprise program	22,656
Total Operating Expenses	<u>15,375,377</u>

Operating Income (Loss) (5,957,501)

Non-Operating Revenues (Expenses)

Investment income	48,372
Operating grants	2,443,515
Gain (loss) on disposition of capital assets	8,117
Interest expense	(167,127)
Total Non-Operating Revenues (Expenses)	<u>2,332,877</u>

Income (Loss) Before Contributions (3,624,624)

Capital Contributions

Capital grants	7,391,082
Total Capital Contributions	<u>7,391,082</u>

Change in Net Position 3,766,458

Net Position, Beginning of Year 187,963,475

Net Position, End of Year \$ 191,729,933

The accompanying notes are an integral part of the financial statements.

**England Economic and Industrial Development District
Statement of Cash Flows
Year Ended June 30, 2013**

**Exhibit C
(Continued)**

Cash Flows from Operating Activities

Received from operations	\$ 9,391,349
Payments to employees	(1,381,909)
Payments to vendors and others	(7,831,991)
Net Cash Provided (Used) by Operating Activities	<u>177,449</u>

Cash Flows from Noncapital Financing Activities

Operating grants	2,822,655
Net Cash Provided (Used) by Noncapital Financing Activities	<u>2,822,655</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from sale of capital assets	21,574
Capital contributions	9,066,753
Purchase and construction of capital assets	(9,319,412)
Proceeds on capital debt	3,885,000
Principal paid on capital debt	(4,612,664)
Interest paid on capital debt	(204,126)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,162,875)</u>

Cash Flows from Investing Activities

Collections on note receivable	529,407
Interest received on operating funds	48,372
Net Cash Provided (Used) by Investing Activities	<u>577,779</u>

Change in Cash and Equivalents

2,415,008

Cash and Equivalents, Beginning of Year

4,730,817

Cash and Equivalents, End of Year

\$ 7,145,825

Cash and Equivalents Consist of:

Unrestricted cash and equivalents	\$ 6,806,567
Restricted cash and equivalents	<u>339,258</u>

Cash and Equivalents, End of Year

\$ 7,145,825

The accompanying notes are an integral part of the financial statements.

**England Economic and Industrial Development District
Statement of Cash Flows
Year Ended June 30, 2013**

**Exhibit C
(Concluded)**

Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities

Operating income (loss)	\$ (5,957,501)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities	
Depreciation	6,335,329
Changes in assets and liabilities	
Receivables	(216,036)
Prepaid expenses	(213,741)
Accounts and contracts payable	24,551
Accrued expenses and other payables	4,885
Advances in rental income	84,611
Tenant deposits	83,248
Contingent tenant rebates	21,650
Compensated absences	10,453

Net Cash Provided (Used) by Operating Activities

\$ 177,449

Additional required disclosure:

There were no material noncash operating, noncapital financing, capital and related financing, or investing activities.

The accompanying notes are an integral part of the financial statements.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

1. Organization and Significant Accounting Policies

Organization

England Economic and Industrial Development District (the District) was created by the State of Louisiana Legislature for the following purposes:

- Accepting title from the United States of America to property included in the England Air Force Base.
- Utilizing that and other property, and all assistance available from the United States government and all other sources, to replace and enhance the economic benefits generated by the former air base with diversified activities.

A Board of Commissioners appointed by various governmental units located within Rapides Parish governs the District. The District has the power to incur debt and issue revenue and general obligation bonds, certificates of indebtedness, anticipation notes, refunding bonds, and the power of taxation, subject to the limitations provided in the revised statutes governing the District.

The accompanying financial statements of the District are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements as set forth in the *Codification for Governmental Accounting and Financial Reporting*.

The Financial Reporting Entity

The District is considered a separate financial reporting entity. The financial reporting entity consists of the primary government (the District), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the district are such that exclusion would cause the District's financial statements to be misleading or incomplete.

Effective July 1, 2012, the District adopted the provisions of Statement No. 61 (GASBS 61), *The Financial Reporting Entity: Omnibus*, of the GASB. GASBS 61 amends the criteria for determining which component units should be considered part of the District for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has established criteria to be considered in determining financial accountability, which includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the District to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to the District or to impose specific financial burdens on the District.
2. Organizations for which the District does not appoint a voting majority but are fiscally dependent on the District.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

3. Organizations for which the District's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the above criteria the District has the following component units:

England District Sub-District No. 1

On October 28, 2004 the District created England District Sub-District No. 1 (Sub-District No. 1) for the purpose of acquiring the land on which a rail car manufacturing facility was constructed. The Sub-District No. 1 has the power to incur debt, issue certificates, revenue and general obligation bonds, as well as refunding bonds, and levy sales taxes and use taxes, in the same manner as the District. The Sub-District No. 1 is governed by a ten member Board of Commissioners, which is populated by the sitting board of the District. The staff of the District is the staff of the Sub-District No. 1. For reporting purposes the Sub-District No. 1 is considered a blended component unit of the District.

England District Sub-District No. 2

On February, 28, 2013 the District created England District Sub-District No. 2 (Sub-District No. 2) for the purpose of creating new jobs, economic activity and manufacturing, and for the additional purpose of issuing bonds for the acquisition, construction and equipping by Sundrop Fuels Louisiana, LLC of certain facilities, including solid waste disposal facilities, consisting of a 4,000 bpd natural gas to gasoline refinery and a biomass to syngas demonstration plant to produce renewable gasoline of which a portion qualifies as an advanced biofuel. The Sub-District No. 2 has the power to incur debt, issue certificates, revenue and general obligation bonds, as well as refunding bonds, and levy sales taxes and use taxes, in the same manner as the District. The Sub-District No. 2 is governed by a ten member Board of Commissioners, which is populated by the sitting board of the District. The staff of the District is the staff of the Sub-District No. 2. For reporting purposes the Sub-District No. 2 is considered a blended component unit of the District.

England District Sub-District No. 3

On June 3, 2013 the District created England District Sub-District No. 3 (Sub-District No. 3), at the request of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College, the State of Louisiana through the Division of Administration, the Louisiana Division of Administration and the Louisiana Department of Health and Hospitals, to facilitate the creation of a new healthcare delivery model for Central Louisiana to facilitate financing, securing of facilities and operation of the new health care model. The Sub-District No. 3 has the power to incur debt, issue certificates, revenue and general obligation bonds, as well as refunding bonds, and levy sales taxes and use taxes, in the same manner as the District. The Sub-District No. 3 is governed by a ten member Board of Commissioners, which is populated by the sitting board of the District. The staff of the District is the staff of the Sub-District No. 3. For reporting purposes the Sub-District No. 3 is considered a blended component unit of the District. The creation of this model did not occur as planned. Therefore Sub-District No. 3 will be dissolved.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

Basis of Presentation

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. These principles require a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net position: This component of net position consists of constraints imposed by creditors (such as through debt covenants), contributors, laws or regulations of other governments, or through constitutional provisions or enabling legislation.
- Unrestricted net position: This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Accounting

The accounts of the District are organized on the basis of an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise funds are accounted for on a flow of economic measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. The operating statement presents increases (revenues) and decreases (expenses) in total net position.

The accrual basis of accounting is utilized by enterprise funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with its principal ongoing operations. The principal operating revenues of the District are lease revenue and related fees. Operating expenses include costs of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

Cash and Cash Equivalents

Amounts reported as cash and cash equivalents include all cash on hand, cash in bank accounts, and highly liquid investments held in the Louisiana Asset Management Pool.

Receivables

Receivables are shown net of the estimated allowance for doubtful accounts. The uncollectible amounts are based on collection experience and review of the status of existing receivables.

Prepaid Expenses

Prepaid expenses primarily consist of payments of insurance and other administrative expenses.

Capital Assets

Capital assets are capitalized and depreciated on a straight-line basis over the following estimated useful lives:

Vehicles, machinery, and equipment	5 to 25 years
Buildings and improvements	7 to 40 years
Infrastructure	20 to 40 years

Public domain (infrastructure) capital assets consisting of roads, bridges, drainage system, and similar items are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated assets are valued at estimated fair value on date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$2,500 for machinery, equipment, and vehicles and \$25,000 for building, building improvements, and infrastructure.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized for the year ended June 30, 2013, in accordance with this policy.

Advances in Rental Income

The District reports advances in rental income on its statement of net position. Advances in rental income arise when the District receives resources from rental income before it has a legal claim to them. In subsequent periods, when the District has a legal claim to the resources, the liability for advances in rental income is removed from the statement of net position and revenue is recognized.

Contingent Tenant Rebates

Tenants leasing residential homes (houses only, not apartments) are eligible to receive a rebate equal to a maximum of 10% of the first three years of rental payments if the tenant leaves in good standing and applies the rebate to the purchase of a home within Rapides Parish. If these conditions are not met, the rebate reverts to the District and is recorded as lease income.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

Bond Issuance Costs

In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, bond issuance costs are recognized as an outflow of resources in the reporting period in which they are incurred.

Compensated Absences

Vested or accumulated leave is accrued in the period the liability is incurred. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

Restricted Net Position

Restricted net position is amounts restricted by the Federal Aviation Administration's Record of Decision for the Passenger Facilities Charge (PFC) program. In accordance with the Record of Decision, these amounts may only be used for debt service on the revenue bonds.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

GASB Statement No. 63 and No. 65 Implementation

Effective for the year ending June 30, 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources, introduced and defined in GASB Concepts Statement No. 4. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 65 clarifies which financial statement items should be reclassified as deferred outflows and deferred inflows, and which items should be treated as current period expenses (outflows) or current period revenues (inflows).

2. Cash and Cash Equivalents

At year-end, cash and cash equivalents consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Petty cash	\$ 900	\$ -	\$ 900
Cash in bank	6,581,824	339,258	6,921,082
Louisiana Asset Management Pool	<u>223,843</u>	<u>-</u>	<u>223,843</u>
	\$ 6,806,567	\$ 339,258	\$ 7,145,825

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year-end, the District's deposits were covered by depository insurance or collateral held by the District or its agent in the District's name.

Management considers the highly liquid investments held in the Louisiana Asset Management Pool (LAMP), a local government investment pool, to have minimal custodial credit risk.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA - R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

Credit risk: LAMP is rated AAA by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

3. Receivables

At June 30, 2013 receivables consisted of the following:

Accounts receivable	\$ 240,038
Leases receivable	574,455
Intergovernmental	<u>2,564,081</u>
Gross receivables	3,378,574
Allowance for doubtful accounts	<u>(125,967)</u>
Net receivables	\$ 3,252,607

4. Note Receivable

At June 30, 2013, notes receivable consisted of the following:

On February 14, 2011, the District entered into an economic development loan to finance the partial cost and expense paid by a lessee in the construction and installation of leasehold improvements totaling \$250,000. This loan is payable in 120 monthly installments of \$2,083, consisting of principal only, beginning March 1, 2011.

The notes are reported in the statement of net position as follows:

Current	\$ 25,000
Noncurrent	<u>166,667</u>
	\$ 191,667

Scheduled future receivables, based on terms in effect on June 30, 2013, are as follows.

<u>Year Ended June 30</u>	<u>Total Principal</u>
2014	\$ 25,000
2015	25,000
2016	25,000
2017	25,000
2018	25,000
2019-2021	<u>66,667</u>
	\$ 191,667

5. Capital Assets and Depreciation

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Capital assets not being depreciated				
Land	\$ 21,730,714	\$ 3,790,359	\$ -	\$ 25,521,073
Construction in progress	<u>16,075,879</u>	<u>3,835,868</u>	<u>(15,789,673)</u>	<u>4,122,074</u>
Totals	37,806,593	7,626,227	(15,789,673)	29,643,147
Capital assets being depreciated				
Other capital assets				
Vehicles, machinery, and equipment	6,070,779	57,432	(1,022)	6,127,189
Buildings and improvements	155,422,368	104,782	-	155,527,150
Infrastructure	<u>55,365,048</u>	<u>15,776,216</u>	<u>-</u>	<u>71,141,264</u>
Totals	216,858,195	15,938,430	(1,022)	232,795,603

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Accumulated depreciation				
Vehicles, machinery, and equipment	(3,814,910)	(354,840)	1,022	(4,168,728)
Buildings and improvements	(54,907,514)	(4,319,060)	-	(59,226,574)
Infrastructure	(10,014,984)	(1,661,429)	-	(11,676,413)
Totals	<u>(68,737,408)</u>	<u>(6,335,329)</u>	<u>1,022</u>	<u>(75,071,715)</u>
Other Assets, Net of Depreciation	<u>148,120,787</u>	<u>9,603,101</u>	<u>-</u>	<u>157,723,888</u>
Net capital assets	\$ 185,927,380	\$ 17,229,328	\$(15,789,673)	\$ 187,367,035

Depreciation was charged to functions as follows:

Administrative division	\$ 39,313
Public safety	21,068
Landside operations	2,833,772
Vehicle maintenance	50,504
Airport operations	3,367,928
General and administrative	<u>22,744</u>
	\$ 6,335,329

A summary of significant construction and renovation projects is presented below:

	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Commitments</u>	<u>Required Further Financing</u>
Airport Projects				
Runway and taxiway extension and rehabilitation	13,066,892	9,689,608	3,328,996	None (A)

(A) These projects are funded by federal and state grants.

6. Tenant Deposits, Contingent Tenant Rebates, and Compensated Absences

Net changes in tenant deposits, contingent tenant rebates, and compensated absences are summarized below:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Tenant deposits	\$ 155,592	\$ 83,248	\$ -	\$ 238,840	\$ -
Contingent tenant rebates	187,107	21,650	-	208,757	-
Compensated absences	105,108	10,453	-	115,561	-

7. Capitalized Leases, Bonds, and Certificates Payable

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Ending Balances</u>
Revenue refunding bonds, Series 2013B-1 – capital projects	2017	1.500%	\$ 220,000
Revenue refunding bonds, Series 2013B-2 – capital projects	2017	2.105%	345,000
Revenue refunding bonds, Series 2013A – capital projects	2018	1.530%	<u>2,665,000</u>
			\$ 3,230,000

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

The revenue bonds are secured by and payable from, first, revenues from passenger facility charges and, second, the excess of annual revenues above statutory, necessary, and usual charges incurred by the District.

The following changes occurred in capitalized leases, bonds, and certificates payable during the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Capitalized leases	\$ 72,664	\$ -	\$ (72,664)	\$ -	\$ -
Revenue bonds	3,085,000	3,885,000	(3,740,000)	3,230,000	635,000
Certificates of indebtedness	800,000	-	(800,000)	-	-
	<u>\$ 3,957,664</u>	<u>\$ 3,885,000</u>	<u>\$ (4,612,664)</u>	<u>\$ 3,230,000</u>	<u>\$ 635,000</u>

The annual requirements to amortize outstanding bonds are as follows:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2014	\$ 635,000	\$ 51,337	\$ 686,337
2015	655,000	41,178	696,178
2016	680,000	30,684	710,684
2017	695,000	19,779	714,779
2018	<u>565,000</u>	<u>8,645</u>	<u>573,645</u>
	<u>\$ 3,230,000</u>	<u>\$ 151,623</u>	<u>\$ 3,381,623</u>

On February 5, 2013, the District issued \$3,185,000 in tax-exempt Revenue Refunding Bonds, Series 2013A, with an interest rate of 1.53% for current refunding of \$3,085,000 outstanding Revenue Bonds, Series 2003, with an interest rate of 5.50% and paying costs of issuance of the Revenue Refunding Bonds. As a result, \$3,085,000 of Revenue Bonds are considered to be defeased and the liability for the Revenue Bonds has been removed from the statement of net position.

The District completed this current refunding to reduce its total debt service payments over the next 5 years by \$302,859 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$291,337.

On February 5, 2013, the District issued \$275,000 in tax-exempt Revenue Refunding Bonds, Series 2013B-1, with an interest rate of 1.50% for current refunding of outstanding \$268,000 Certificate of Indebtedness, Series 2007A, with an interest rate of 4.01% and paying costs of issuance of the Revenue Refunding Bonds. As a result, \$268,000 of certificate of indebtedness is considered to be defeased and the liability for the certificate of indebtedness has been removed from the statement of net position.

The District completed this current refunding to reduce its total debt service payments over the next 4 years by \$12,058 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$11,498.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

On February 5, 2013, the District issued \$425,000 in taxable Revenue Refunding Bonds, Series 2013B-2, with an interest rate of 2.105% for current refunding of outstanding \$417,000 taxable Certificate of Indebtedness, Series 2007B, with a varying interest rate of 3.60% to 6.97% and paying costs of issuance of the Revenue Refunding Bonds. As a result, \$417,000 of certificate of indebtedness is considered to be defeased and the liability for the certificate of indebtedness has been removed from the statement of net position.

The District completed this current refunding to reduce its total debt service payments over the next 4 years by \$40,970 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$39,357.

Conduit Debt Obligations

On June 15, 2005, the England District Sub-District No. 1 (Sub-District No.1) issued revenue bonds to pay for a portion of the costs of acquisition, construction, equipping, installation and improvements of a rail car manufacturing facility and administrative offices. These bonds are secured by a pledge of all rights and interests of the Sub-District No. 1 in, to and under the Cooperative Endeavor agreement between the Sub-District No. 1 and the State of Louisiana (Agreement). In accordance with the Agreement, the State of Louisiana has agreed to make all payments on this bond issue. On May 1, 2013, the State requested the Sub-District No. 1 to issue Series 2013 refunding bonds for current refunding of the outstanding Series 2005 bonds to reduce its total debt service payments and issued Amendment No. 1 to the Cooperative Endeavor agreement stating that the State of Louisiana will make all payments on the refunding bonds. Neither the District nor the Sub-District No. 1 is obligated in any manner for repayment of the refunding bonds. Accordingly, the refunding bonds are not reported in the accompanying financial statements. As of June 30, 2013, the aggregate principal outstanding on the Series 2013 bonds was \$16,775,000.

8. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

9. Contingencies

The District is party to legal proceedings involving suits filed against the District for various reasons. Some of these suits claim damages that are material in amount. The amount of losses, if any, that may arise from these suits cannot be reasonably estimated. Management does not believe that the District is exposed to any material losses not covered by insurance. No provision for losses is included in the financial statements.

The District receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the grant agreements. In the opinion of management, such disallowance, if any, would be insignificant.

England Economic and Industrial Development District
Notes to Basic Financial Statements
June 30, 2013

10. Leases

Lessor:

Future minimum rentals on non-cancelable leases for the next five years and in aggregate are presented as follows:

<u>Year Ended June 30,</u>	<u>Future Minimum Lease Payments</u>
2014	\$ 5,174,569
2015	2,342,648
2016	1,956,129
2017	1,553,712
2018	<u>1,224,130</u>
	\$ 12,251,188

Contingent rental income included in the accompanying financial statements as lease revenues and related fees totaled \$701,488.

Lessee:

The District entered into operating leases for certain golf course equipment. Future minimum lease payments due under these leases are listed below. These lease payments are contingent on the District appropriating funds each fiscal year for payment of these leases.

<u>Year Ended June 30,</u>	<u>Future Minimum Lease Payments</u>
2014	\$ 95,952
2015	<u>59,995</u>
	\$ 155,947

**England Economic and Industrial Development District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013**

Schedule 1

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
Department of Transportation		
Direct		
Airport Improvement Program	20.106	\$ 7,632,109
Total Department of Transportation CFDA Number 20.106		<u><u>\$ 7,632,109</u></u>

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Note 1 to the financial statements provides additional information relative to the District's accounting policies.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

No federal funds were awarded to subrecipients during the year ended June 30, 2013.

See independent auditor's report.

**England Economic and Industrial Development District
Schedule of General Fund Revenues and Expenditures -
Budget and Actual - Budgetary Basis
Year Ended June 30, 2013**

Schedule 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Lease revenue and related fees	\$ 8,506,382	\$ 8,437,932	\$ (68,450)
Intergovernmental revenues	145,006	146,436	1,430
Investment income	48,273	48,306	33
Other	740,386	739,786	(600)
Total Revenues	<u>9,440,047</u>	<u>9,372,460</u>	<u>(67,587)</u>
Expenditures			
Executive division	210,696	210,660	36
Administrative division	3,010,241	2,943,750	66,491
General and administrative	1,475,801	1,446,850	28,951
Landside operations	732,839	714,469	18,370
Vehicle maintenance	256,379	250,622	5,757
Public safety	783,016	785,621	(2,605)
Tenant services	489,302	436,357	52,945
Airport operations	1,717,893	1,665,002	52,891
Economic development	214,273	216,157	(1,884)
Debt service	980,233	980,136	97
Total Expenditures	<u>9,870,673</u>	<u>9,649,624</u>	<u>221,049</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (430,626)</u>	<u>\$ (277,164)</u>	<u>\$ 153,462</u>

The District is not required to adopt a budget in accordance with GAAP because it reports as an enterprise fund. For budgetary purposes the District maintains a general fund and a capital projects fund. For reporting purposes, these two funds are combined into a single enterprise fund in accordance with generally accepted accounting principles. A managerial budget is adopted for certain revenues and expenses of the general fund. Differences between the managerial budget and a budget adopted in accordance with generally accepted accounting principles include:

Depreciation and amortization are not included in the managerial budget;
Acquisition of certain capital assets are included in the managerial budget;
Principal payments on certain long term debt are included in the managerial budget.

See independent auditor's report.

**Other Reports Required by
Government Auditing Standards and
OMB Circular A-133**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with Government Auditing Standards**

The Board of Commissioners
England Economic and Industrial Development District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the England Economic and Industrial Development District's basic financial statements, and have issued our report thereon dated November 22, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the England Economic and Industrial Development District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the England Economic and Industrial Development District's internal control. Accordingly, we do not express an opinion on the effectiveness of the England Economic and Industrial Development District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

ROBERT W. DYORAK, C.P.A.

REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAD, C.P.A.

CINDY L. HUMPHRIES, C.P.A.

DEBORAH R. DUNN, C.P.A.

REBECCA G. NATION, C.P.A.

EVELYN RENFROW, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the England Economic and Industrial Development District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, LA

November 22, 2013



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control
Over Compliance Required by OMB Circular A-133**

The Board of Commissioners
England Economic and Industrial Development District

Report on Compliance for Each Major Federal Program

We have audited the England Economic and Industrial Development District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the England Economic and Industrial Development District's major federal program for the year ended June 30, 2013. The England Economic and Industrial Development District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the England Economic and Industrial Development District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the England Economic and Industrial Development District's compliance.

ROBERT W. DYORAK, C.P.A.

REBECCA B. MORRIS, C.P.A.

MICHAEL A. JONEAU, C.P.A.

CINDY L. HUMPHRIES, C.P.A.

DEBORAH R. DUNN, C.P.A.

REBECCA G. NATION, C.P.A.

EVELYN RENFROW, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Opinion on the Major Federal Program

In our opinion, the England Economic and Industrial Development District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the England Economic and Industrial Development District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of England Economic and Industrial Development District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Payne, Moore & Herrington, LLP

Certified Public Accountants
Alexandria, LA

November 22, 2013

**England Economic and Industrial Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<i>Unmodified</i>		
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u>	None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u>	No
Management's Corrective Action Plan	<i>Not Applicable</i>		
Management's Summary Schedule of Prior Audit Findings	<i>Not Applicable</i>		
Memorandum of Other Comments and Recommendations	<i>None Issued</i>		

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u>	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ <u>X</u>	None reported
Type of auditor's report issued on compliance for major programs:	<i>Unmodified</i>		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes	_____ <u>X</u>	No

**England Economic and Industrial Development District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2013**

Identification of major programs:

CFDA Number
20.106

Name of Federal Program
Airport Improvement Program

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee identified as a low risk auditee?

 X Yes No

Section II - Financial Statement Findings

Not Applicable

Section III - Federal Award Findings and Questioned Costs

Not Applicable

**Independent Auditor's Report and Other Information Required by the
*Passenger Facility Charge Audit Guide for Public Agencies***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report on Compliance Applicable to the Passenger Facility Charge Program and on Internal Control Over Compliance in Accordance with the *Passenger Facility Charge Audit Guide for Public Agencies* and on the Schedule of Passenger Facility Charges Revenue and Disbursements

The Board of Commissioners
England Economic and Industrial Development District

Report on Compliance with the Passenger Facility Charge Program

We have audited the compliance of the England Economic and Industrial Development District with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2013.

Management's Responsibility

Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of the England Economic and Industrial Development District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on the England Economic and Industrial Development District's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the England Economic and Industrial Development District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

ROBERT W. DYORAK, C.P.A.

REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAD, C.P.A.

CINDY L. HUMPHRIES, C.P.A.

BERNARD R. DUNN, C.P.A.

REBECCA G. NATION, C.P.A.

EVELYN RENFROW, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the England Economic and Industrial Development District's compliance with those requirements.

Opinion on Compliance with the Passenger Facility Charge Program

In our opinion, the England Economic and Industrial Development District complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended June 30, 2013.

Report on Internal Control Over Compliance with the Passenger Facility Charge Program

The management of England Economic and Industrial Development District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to its passenger facility charge program. In planning and performing our audit, we considered the England Economic and Industrial Development District's internal control over compliance with the requirements that could have a direct and material effect on its passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide, but not for the purposes of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the England Economic and Industrial Development District's internal control over compliance applicable to its passenger facility program.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



PAYNE, MOORE & HERRINGTON, LLP

The Board of Commissioners
England Economic and Industrial Development District

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance applicable to the England Economic and Industrial Development District's passenger facility program that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance applicable to the passenger facility charge program is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Federal Aviation Administration's *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose.

Schedule of Passenger Facility Charges Revenue and Disbursements

We have audited the basic financial statements of the England Economic and Industrial Development District, as of and for the year ended June 30, 2013, and have issued our report thereon dated November 22, 2013. Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the England Economic and Industrial Development District as a whole. The accompanying schedule of passenger facility charges revenue and disbursements as required by the Federal Aviation Administration's *Passenger Facility Charge Audit Guide for Public Agencies*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the England Economic and Industrial Development District. The accompanying schedule of passenger facility charges revenue and disbursements is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Payne, Moore & Herrington, LLP".

Certified Public Accountants
Alexandria, LA

November 22, 2013

**England Economic and Industrial Development District
Schedule of Passenger Facility Charges Revenue and Disbursements**

Schedule 3

	Year Ended June 30, 2013						06/30/13 Cumulative Program Totals
	06/30/12						
	Cumulative Program Totals	Quarter 1 Jul. - Sept.	Quarter 2 Oct. - Dec.	Quarter 3 Jan. - March	Quarter 4 Apr. - Jun.	FY - 13 Total	
Revenue							
Collections	\$ 6,254,199	\$ 157,897	\$ 122,958	\$ 132,521	\$ 134,347	\$ 547,723	\$ 6,801,922
Interest	89,638	7	7	18	34	66	89,704
Total Revenue	6,343,837	157,904	122,965	132,539	134,381	547,789	6,891,626
Disbursements							
APP 99-01-C-00-AEX							
ARFF vehicle	343,967	-	-	-	-	-	343,967
New terminal building program	5,921,806	123,710		-		123,710	6,045,516
PFC application fees	78,048	-	-	-	-	-	78,048
Total APP 99-01-C-00-AEX	6,343,821	123,710	-	-	-	123,710	6,467,531
Net PFC Revenue	16	34,194	122,965	132,539	134,381	424,079	424,095
Unexpended PFC Funds, Beginning of Period	-	16	34,210	157,175	289,714	16	-
PFC Account Balance, End of Period	\$ 16	\$ 34,210	\$ 157,175	\$ 289,714	\$ 424,095	\$ 424,095	\$ 424,095

Notes:

The accompanying schedule of passenger facility charges revenue and disbursements is prepared on the cash basis of accounting in accordance with the requirements of the Federal Aviation Administration. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Note 1 to the financial statements provides additional information relative to the District's accounting policies.

See independent auditor's report.

**England Economic and Industrial Development District
Passenger Facility Charge Program Audit Summary
Year Ended June 30, 2013**

- | | | | |
|-----|--|---------------------------------------|------------------------|
| 1. | Type of report issued on PFC financial statements. | <u> X </u> Unmodified | <u> </u> Modified |
| 2. | Type of report on PFC compliance. | <u> X </u> Unmodified | <u> </u> Modified |
| 3. | Quarterly Revenue and Disbursements reconcile with submitted quarterly reports and reported un-liquidated revenue match the District's general ledger and FAA PFC Quarterly Reports. | <u> X </u> Yes | <u> </u> No |
| 4. | PFC Revenue and Interest is accurately reported on FAA Form 5100-127. | <u> X </u> Yes | <u> </u> No |
| 5. | The Public Agency maintains a separate financial accounting record for each application. | <u> X </u> Yes | <u> </u> No |
| 6. | Funds disbursed were for PFC eligible items as identified in the FAA Decision to pay only for the allowable costs of the projects. | <u> X </u> Yes | <u> </u> No |
| 7. | Monthly carrier receipts were reconciled with quarterly carrier reports. | <u> X </u> Yes | <u> </u> No |
| 8. | PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds. | <u> X </u> Yes | <u> </u> No |
| 9. | Serving carriers were notified of PFC program actions/changes approved by the FAA. | <u> </u> Yes
<u> X </u> N/A | <u> </u> No |
| 10. | Quarterly Reports were transmitted (or available via website) to remitting carriers. | <u> X </u> Yes | <u> </u> No |
| 11. | The Public Agency is in compliance with Assurances 5, 6, 7, and 8. | <u> X </u> Yes | <u> </u> No |
| 12. | Project design and implementation is carried out in accordance with Assurance 9. | <u> X </u> Yes | <u> </u> No |
| 13. | Program administration is carried out in accordance with Assurance 10. | <u> X </u> Yes | <u> </u> No |
| 14. | For those public agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence. | <u> </u> Yes
<u> X </u> N/A | <u> </u> No |